

THE MORE THINGS CHANGE, ACQUISITION REFORM REMAINS THE SAME

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USAWC STRATEGY RESEARCH PROJECT

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ABSTRACT

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For over 60 years, the Department of Defense has been attempting to fix its weapons procurement system without success. Popularly known as “Acquisition Reform,” these efforts have not yielded a process or system that delivers its products cheaper, faster, or better. In 2009, President Obama combined his efforts with strong bipartisan support in the Senate and like-minded leadership in the Office of the Secretary of Defense to give reform another try. But, will it all work? Through an analysis that applies John P. Kotter’s model of organizational change and Edgar H. Schein’s approach to organizational culture and leadership, the conclusion suggests not. Behavioral change is needed to effect any transformation. Acquisition reforms can be coerced, but will not endure as true transformation unless cultural change occurs.

THE MORE THINGS CHANGE, ACQUISITION REFORM REMAINS THE SAME

A Call for Acquisition Reform

In March of 2009, just two months after Barack Obama was sworn in as the forty-fourth President of the United States, the Government Accountability Office (GAO) released its seventh annual “Defense Acquisitions: Assessments of Selected Weapons Programs.” Cumulative cost growth among assessed Department of Defense (DoD) programs, GAO declared, had reached \$296 billion.¹ That then-latest revelation of government inefficiency provided a spark to kindle renewed effort among senior leaders in the White House, DoD, and Congress to undertake once again reform actions to fix the government’s acquisition process.

The GAO report was released at a moment in time when significant forces for change had lined up and were beginning to move in the same direction. Not a formally chartered leadership team per se, but an ad-hoc movement of like-minded individuals had formed. The President declared his commitment to reduce the federal deficit by half in four years as Congress made final changes on legislation aimed at acquisition reform.² During a February 2009 summit on fiscal responsibility, President Obama and Senator John McCain publicly endorsed and provided mutual support for acquisition reform as a way to reduce the deficit.³ Concurrently, Secretary of Defense (SECDEF) Robert Gates espoused his own imperatives for acquisition reform, and hired a similarly motivated Under Secretary of Defense for Acquisition, Technology & Logistics (USD/AT&L), Dr. Ashton Carter.⁴ Together, the President, SECDEF, USD/AT&L, and Congressional Defense Authorization Committees emerged as a powerful coalition of change agents to address action called for in the GAO report.

But, will it all work? An application of John P. Kotter's model of organizational change and Edgar H. Schein's approach to organizational culture and leadership suggest not. In *Leading Change*, Kotter identified the primary reasons why transformations fail.⁵ His eight-stage process for change can be used as a template for analysis.⁶ Similarly, Schein's foundational work on organizational culture emphasized the need for behavioral change to effect any transformation. Acquisition reforms can be coerced, but will not endure as true transformation beyond the coercion unless cultural change also takes place. Success requires commitment to change over simple compliance to rewards and consequences.⁷ Schein's model includes six cultural embedding mechanisms also relevant to the current analysis.⁸ Details of both approaches will be presented further below as a framework for assessing the likelihood of success for current acquisition reform.

A Brief History of Acquisition Reform

"Acquisition Reform," is a term that has been an umbrella concept over the years to describe efforts to improve the government procurement system. The need to fix, or reform, the DoD's various acquisition processes is almost universally acknowledged. Dozens of studies have informed U.S. strategic leaders on its shortcomings since 1949.⁹ A comprehensive account of 60 years of acquisition reform history is beyond the scope of this paper, but a summary of recent acquisition reform initiatives will provide context for an assessment of the latest round of initiatives undertaken by the Obama Administration since 2009.

The Scandalous 1980s. The first half of the decade of the eighties was marked by procurement system "fraud waste and abuse" scandals that led to calls for reform.¹⁰ President Reagan created a Blue Ribbon Commission on Defense Management that

produced the popularly known “Packard Report” in 1986.¹¹ At the same time, Congress worked on its own legislative reforms to include the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

In the introduction to the Blue Ribbon Commission on Defense Management final report, Chairman David Packard stated flatly, “Excellence in defense management will not and cannot emerge by legislation or directive.”¹² This sentiment is offered later in the report where the commission called for major institutional change instead of more regulation. They believed that acquisition employees at all levels must be encouraged and empowered to succeed, and that Congress, DoD, and Industry must all set aside parochialism and instead “restore a sense of shared purpose and mutual confidence.”¹³ The Packard Report also contained specific recommendations for reform. What appears to be early recognition of the need to change institutional culture came at the same time as Schein published the first edition of *Organizational Leadership and Culture*.

Citing the hidden costs of instability as driving the need for reform over fraud, the Packard Report recommended ways in which Congress and DoD could improve program stability to mirror successful industry practices. Challenges in the current procurement system included chronic fluctuation of program funding, growing complexity of federal procurement statutes, fragmented responsibility for acquisition policy, and diluted authority for execution. Each challenge, it was argued, led to either inefficient execution or burdensome management oversight that increased the government’s overhead costs. Additionally, improving the quality of the acquisition workforce was cited as a necessity, as was improving requirements generation and cost

estimating, and reducing duplication of effort among the services. Some of the specific commission recommendations became codified into law as members of Congress shared similar perspectives.

The Goldwater-Nichols Act of 1986 contained a major restructuring of DoD, to include changes that partially addressed the Blue Ribbon Commission's findings on diluted authority for execution. Congress directed consolidation of the acquisition function within the offices of the service secretaries, intentionally divorced from the military service chiefs.¹⁴ Additional language included clarification of roles and responsibilities of the newly created position of the Under Secretary of Defense for Acquisition.¹⁵

A More Business-minded 1990s. The nineties saw incremental application of reform initiatives originally recommended by the Packard Commission, in no small part because William Perry, a commission member, became Secretary of Defense in 1994.¹⁶ The Defense Acquisition Workforce Improvement Act (DAWIA) of 1990 addressed the need to improve the quality of the acquisition workforce by establishing formal career paths and standards for education and training.¹⁷ President Clinton also signed into law the Federal Acquisition Streamlining Act (FASA) of 1994 and the Federal Acquisition Reform Act (FARA) of 1996. These reforms sought to make it easier for the DoD to procure goods and services from the commercial marketplace. FASA exempted procurement of commercial items from several existing laws and expanded the definition of "commercial product" to broaden its applicability. FARA continued the pursuit of efficiency through commercial procurement by eliminating cost accounting standards that had discouraged commercial companies from doing business with the

federal government.¹⁸ Both FASA and FARA reforms followed from the Blue Ribbon Commission's findings that a reduction in government red tape and commercial innovation were key to improved acquisition outcomes.

Perhaps the most severe reforms were initiated in the famous "Perry Memo" of 1994.¹⁹ In the memo, Secretary Perry directed services to use commercial specifications and standards when contracting for goods and services instead of the index of military specifications and standards then in existence. Perry held that government-unique requirements were driving up costs for end items that could be purchased commercially and that DoD could benefit from commercial economies of scale. Interestingly, the memo also issued a call for organizational and cultural change as well. Program office personnel were to reduce their oversight of contract execution as a step toward shrinking the size of the acquisition workforce and their associated overhead costs. Also, acquisition personnel were to actively challenge performance requirements as one approach to improving the requirements generation process. The Perry Memo was quickly followed by additional DoD reforms. Pilot programs were identified to demonstrate the viability of the new commercial contracting approach. Integrated Product and Process Development (IPPD) and Integrated Product Teams (IPTs) became the mandated method of program execution. Cost as an independent variable (CAIV) would be used to contain cost growth. Advanced Concept Technology Demonstrations would also attempt to exploit prototypes to reduce risk and maximize operational utility of new weapon systems.²⁰

In 1997, then Secretary of Defense William Cohen undertook a series of additional acquisition reforms under the umbrella of "Defense Reform Initiative (DRI)."

His DRI Report identified four areas, or pillars, of reform: Reengineer – adopt modern business practices; Consolidate – streamline organizations to eliminate redundancy and maximize synergy; Compete – apply market mechanisms to improve quality and reduce costs; and Eliminate – reduce excess support structures to free resources and focus on core competencies. It also created a “Board of Directors” to oversee continued DRI activities and provided a staff to administer them. By and large, DRI was a continuation of themes introduced by the Blue Ribbon Commission.

New Century, Old Problems. With the turn of the century, DOD leaders who claimed a Revolution in Military Affairs also called for a concurrent Revolution in Business Affairs. Under Secretary of Defense Jacques Gansler summarized a new path forward for acquisition reform in response to studies directed by Congress.²¹ He noted three clear “top line” goals: to reduce cycle times for the development and delivery of new weapons systems; to reduce total ownership costs; and to rightsize acquisition workforce and infrastructure to realize savings through efficiencies and maximize flexibility in the new business environment.²² Further, six focus areas were identified as the foundation to achieve the DoD’s new goals. They included increasing reliance on an integrated civil-military industrial base (continued commercialization of acquisition processes), focus on cost and schedule as priority parameters over performance to minimize overruns, and necessary training of the acquisition workforce on commercial practices.

With his second appointment as Secretary of Defense, Donald H. Rumsfeld brought his own business-minded approach to transformation. For Secretary Rumsfeld, buying the right thing was as important as buying it right, and transformational, network-

centric capabilities were more important to future conflict than legacy systems.²³

Continuing the move towards a more business-like approach that relied on commercial innovation, begun by his predecessors, these capabilities would be driven by non-traditional defense industries.

Despite all the reform to date -- studies, legislation and policy changes -- by 2005 DoD and Congressional leadership had somehow lost confidence in the acquisition system.²⁴ On June 7, 2005 Acting Deputy Secretary of Defense Gordon England established the Defense Acquisition Performance Assessment (DAPA) Project to conduct a sweeping and integrated assessment of “every aspect” of acquisition. DAPA’s major findings included recognition that the industrial base had consolidated significantly since the mid-eighties and that the nature of the post-Cold War security environment placed a premium on flexibility and technological exploitation. It also once again identified excessive oversight and complex acquisition processes as cost and schedule drivers and called for stability as an essential element for an effective acquisition system. These findings are surprising in that they were previously reported nearly twenty years earlier when the Packard Report was published!

The history of acquisition reform reflects much has been done to study the problem, identify candidate solutions, and execute reforms, only to return to conclude that more reform is needed. In the foreword section of the 2005 DAPA Report, former Chairman and Chief Executive Officer of Lockheed Martin Corporation, Mr. Norm Augustine wrote, “There is remarkable agreement as to the problems which need to be addressed. The difficulty resides in having the will to do anything about those problems.”²⁵ Is it simply a matter of will? The willful and intelligent leaders already

identified in both the executive and legislative branches of government have undertaken decades of acquisition reform at substantial effort and (unknown) cost. Perhaps it is less a matter of will and more a failing to adequately address the essential ingredients of organizational change and the role that culture plays -- a key component of the Blue Ribbon Commission's final report lost in decades of specific recommendations. Before returning to the theme of organizational and cultural change, it is necessary to consider the current acquisition reform initiatives of the Obama Administration and the 111th Congress.

Acquisition Reform in 80 Days

On the morning of Wednesday, March 4, 2009, President Barack Obama made public his thoughts on procurement. In the context of long-overdue budget reform in Washington and an inherited \$1.3 trillion debt, the President set his sights on acquisition reform. "Too many contractors have been allowed to get away with delay after delay after delay in developing unproven weapons systems," he said. "The days of giving defense contractors a blank check are over."²⁶

The occasion for these remarks was his signing of a presidential memorandum. The "Memo on Government Contracting," as it is now widely known, directed his administration to drastically reform the way the federal government executes its contracts. Specifically, Obama called for discontinuing outsourcing of services that were determined should be done by the government, ending no-bid and cost-plus contracting that allowed for cost overruns, and strengthening oversight to maximize transparency and accountability.²⁷ This component of the President's wider deficit reduction plan is intended to save taxpayers up to \$40 billion each year (government-wide).²⁸

The memo itself called for specific action by the Office of Management and Budget (OMB). By the first of July 2009, OMB was to establish a process by which agencies such as DoD were to review existing contracts in order to identify waste, inefficiency, or those unlikely to meet agency needs. Contracts so identified would then be subject to modification or cancellation as deemed appropriate. OMB was also directed to develop and issue guidance to strengthen contract management and internal review practices, maximize competition, improve contract structures, build skills of the acquisition workforce, and clarify the role of outsourcing. This guidance met the timeline and was provided by September 30, 2009.

Significantly, President Obama recognized that reform would not be easy. In order to end old ways of doing business, bad habits and special interests must be overcome. To support specified goals, he called upon and endorsed the bipartisan acquisition reform efforts of Chairman and Ranking Members of the Senate Armed Services Committee (SASC), Senators Carl Levin and John McCain. He also publicly recognized Secretary Gates for his work to date and encouraged continued collaboration with the SASC.

Secretary Gates restated his own convictions regarding the need for acquisition reform when he gave a speech as part of the of the DoD's fiscal year 2010 budget recommendation. "We must reform how and what we buy," he said, "meaning a fundamental overhaul of our approach to procurement acquisition and contracting."²⁹ Like the President a month earlier, the SECDEF pulled no punches in his characterization of the breadth and depth needed for acquisition reform. Dramatic change would be required in order to maintain U.S. military advantage over potential

adversaries in an environment of increasing domestic competition for shrinking economic resources.

Secretary Gates went on to identify three fundamental steps to needed reform. First, senior leaders must demonstrate commitment and courage to discontinue programs that are either failing or procuring more capability than was needed. Second, performance requirements should be limited to avoid cost and schedule overruns, procuring only what is truly needed as well as technically feasible. Finally, government program teams should be adequately staffed for proper oversight, cost estimates should be more realistic, and budgets protected for program stability.

Like President Obama, Secretary Gates recognized the challenge in leading acquisition reform. It, however, is one thing to agree on general principles and another to make tough decisions on specific programs. “To do this,” he said, “the President and I look forward to working with the Congress, industry, and many others to accomplish what is in the best interest of our nation as a whole.”³⁰

On May 20, 2009, Senator John McCain issued a floor statement in support of his Committee’s Weapon Systems Acquisition Reform Act (WSARA), which would be signed into law just two days later. For SASC Ranking Member McCain and Chairman Levin, WSARA was as important for its substance as it was for its demonstration of bipartisanship.³¹ Congress was united in its pursuit of acquisition reform and in concert with similar efforts of the President and within DoD.

The principal aim of WSARA was to improve the likelihood of success on major program acquisitions by focusing on what happens at their inception. WSARA reforms included reliable and independent baseline cost estimates, rigorous early

developmental testing and systems engineering oversight, and strong gate-keeping to prevent a program from proceeding from one stage of the acquisition cycle to the next with the risk of unproven or immature technology. The goal of early risk reduction sought to facilitate the expanded use of fixed price contracts. Like the President, Congress called for increased use of competition in WSARA to reduce costs.

Perhaps the most significant reform contained in WSARA from the Congressional point of view, was a strengthening of the so-called “Nunn-McCurdy” process. Nunn-McCurdy provisions require DoD to report to Congress when cost growth on a major program breaches its critical cost growth threshold. Characterized by Senator McCain as “a big stick...to wield against the very worst performing programs,” the new legislation required a root-cause assessment of failing programs and presumed program termination within 60 days of notification unless DoD certifies in writing to the contrary.

In just 80 days, key senior leaders in the executive and legislative branches of government united their visions and efforts to re-ignite a transformation of DoD weapons systems procurement. Directives were subsequently issued by OMB in July and by the end of September.³² As 2009 came to a close, USD (AT&L) Ashton Carter signed out a “Directive-Type Memorandum” containing WSARA implementation instructions.³³ Acquisition reform didn’t stop there.

In Search of Efficiency

On Saturday, May 8, 2010, the 65th anniversary of Allied victory in Europe, Secretary Gates spoke at the Eisenhower Library in Abilene, Kansas. The tribute that day was to Eisenhower, but the subject was defense spending. Calling upon the memory of President Eisenhower’s leadership while in office, Secretary Gates agreed

that “the US should spend as much as necessary on national defense – but not a penny more.”³⁴ He then went on to recognize that the continuing demands of the military convincingly argued for sustained real growth in the defense budget of 2 to 3 percent annually, but that the realities of growing economic difficulties in the U.S. made achieving those higher budget top-lines unlikely. His conclusion was that DoD must undertake an efficiencies initiative; that efficiency in execution should be pursued in order to obtain the necessary net annual growth in warfighting capabilities without commensurate budget increases.

Secretary Gates and Under Secretary Carter asserted that their Efficiencies Initiative is different than acquisition reform, and its scope surely goes beyond improving efficiency in procurement, but key aspects of the initiative constitute a clear continuation of the transformation begun the previous year.³⁵ Indeed, in a subsequent memorandum sent to all acquisition professionals, Under Secretary Carter established an expectation that two-thirds of the needed savings could be found within existing programs by conducting them more efficiently and affordably.³⁶ The Efficiencies Initiative’s objectives include the now familiar calls for: delivering systems within budget; getting better buying power; restoring affordability programs; removing government impediments to leanness; and avoiding program turbulence. Noting that of the nearly \$700 billion invested each year on defense, where roughly half is contracted out, the initiative also seeks to improve industry productivity, and maintain a vibrant and financially healthy defense industrial base. The memo, once again, recognized that the changes would be difficult and take time. Further, a total team effort that now included industry would be required to achieve the urgently required results.

Detailed implementation guidance to acquisition professionals was provided by Under Secretary Carter in separate memos issued in September and November of 2010.³⁷ These memos represented the culmination of 21 months of acquisition reform since being sworn in. It is now appropriate to ask the question, “Will this latest attempt at acquisition reform succeed where 60 years of previous efforts have failed?” The framework for answering this question comes from the organizational change and culture models of Kotter and Schein.

Why Transformations Fail:

John P. Kotter approached his research by asking why transformation efforts fail. His conclusion was that there are eight fundamental errors that can thwart success. By flipping the errors around, he arrived at an eight-stage process to create major change. The eight stages are meant to be accomplished in order, although some amount of overlap can occur and should be expected Kotter asserted that skipping steps risks failure and, more importantly, leadership is required across the entirety of the change effort. This paper focuses on the first five steps, which are foundational to success.

Error #1: Allowing Too Much Complacency. Establishing a sense of urgency is critical to gaining needed cooperation, and the first stage in Kotter’s change process.³⁸ Without urgency, members of the organization are unlikely to be willing to part with old, comfortable ways of doing business. The urgency must clearly demonstrate that the personal cost of not changing is higher than that of the change being requested. The continued existence of the organization and loss of one’s job are good examples.

Error #2: Failure to Create a Sufficiently Powerful Guiding Coalition. The second step is creating the guiding coalition.³⁹ This step recognizes the enormity of a transformational undertaking and the fact that no single person can accomplish steps 3

through 8 single-handedly. Building a trusted team of powerful, expert, and credible leaders is essential early in the process.⁴⁰

Error #3: Underestimating the Power of Vision. Next, successful change requires developing a vision and a strategy.⁴¹ Compared to authoritarian decrees or micromanagement, Kotter believes that vision has the power to break through forces that support the status quo.⁴² Vision provides an image of the future that includes the inherent reason for its goodness. Good vision, simplifies, motivates, and organizes.

Error #4: Undercommunicating the Vision. Communicating the vision is step 4 of Kotter's eight-step process.⁴³ Elements for successful visioning include simplicity of message, multiple forums for communication, and explanation of seeming inconsistencies. Most importantly, repetition is key. Repeating the vision not only ensures the message is received but also underscores its importance.

Error #5: Permitting Obstacles to Block the New Vision. Once the leadership team successfully conveys a sense of urgency and vision, employees should be empowered for broad-based action.⁴⁴ This fifth step in the process recognizes that employees who support change may encounter barriers to action. These barriers can be structural impediments, lack of needed skills, bad supervisors, and organizational systems or processes that get in the way. Removing these barriers will empower employees to effect change.

How to Change Culture

In, *Organizational Culture and Leadership*, Schein describes how primary embedding mechanisms are the major tools that leaders have to create or change an organizational climate. These embedding mechanisms teach members of an organization how to perceive, think, feel, and behave in accordance with the desired

transformational outcome.⁴⁵ The primary embedding mechanisms are: what leaders pay attention to, measure, and control on a regular basis; how leaders react to critical incidents and organizational crises; how leaders allocate resources; deliberate role modeling, teaching, and coaching; how leaders allocate rewards and status; and how leaders recruit, select, promote, and excommunicate. These mechanisms allow organizational leaders to demonstrate, through their own behavior, what is important. As such, leaders play key roles in Kotter's eight-stage change process. Together, the models of Kotter and Schein provide a framework for analysis of the current efforts to reform the procurement system in DoD.

Likelihood of Success

History offers little to suggest that today's acquisition reform will succeed where its predecessor efforts failed. Previous failure, however, should not prevent leaders from addressing the very real challenges they face. Since taking office, the Obama Administration, to include the President and the Secretary of Defense, has joined with leaders in the Senate and House Armed Services Committees to transform the DoD's procurement system. By using five of Kotter's eight-stage process for organizational change and Schein's mechanisms for cultural change, we can gain some insight into the likelihood of future success.

Sense of Urgency or Culture of Complacency? Statements and actions to create a sense of urgency, step one in Kotter's change process, have clearly been made. As presented previously, President Obama invoked the US \$1.3 trillion debt, the attendant economic crisis, and the data on procurement inefficiency annually provided by the GAO to make his case for change. During the signing ceremony for WSARA, the President broadened his appeal by claiming reform would "better protect our nation,

better protect our troops,” in addition to saving money.⁴⁶ The SASC recorded similar views and legislated requirements designed in part to increase awareness of the need for reform.⁴⁷ In addition, Secretary Gates tied his reform imperative to the ability of DoD to continue to accomplish its current missions today and those in the future, while taking care of its people.⁴⁸ The audacity of his efficiencies initiative goals also add to the sense of urgency—they cannot be achieved with the status quo. These statements of urgency, coupled with leadership direction, are routinely passed along in official communications to the acquisition workforce and via media channels.⁴⁹ Is this enough to overcome the inertia of the bureaucracy?

It is tempting to state the case for change has been convincingly made, but it may not be enough to compel action. The statements and their motivation appear self-evident, and yet the challenge for acquisition reformers remains to establish enough urgency to overcome workforce complacency, sources of which include both human nature and mixed messages.⁵⁰ The acquisition workforce is comprised of well-compensated federal employees that enjoy little threat to their employment status. With no direct cause and effect relationship (reward or consequences) between the declared urgency and employment or compensation, a problem that the now-failed National Security Personnel System attempted to address, the declared crisis might be safely ignored as someone else’s problem.⁵¹

Mixed messages and too many visible resources can also abet status-quo complacency. In the very address President Obama made when signing WSARA and extolling the virtues of reform, he opened with the pledge, “As Commander-in-Chief, I will do whatever it takes to defend the American people, which is why I’ve increased

funding for the best military in the history of the world.”⁵² He went on to say that waste was unacceptable, but if the U.S. will indeed cover the cost no matter what, how urgent can the situation be? Similar mixed messages are also coming from DoD and SASC in their management of the F-35 program, the single most expensive program in US history. Recently revealed to be again over budget and over schedule, the high-visibility program has already defied the attempted reforms by being called “too big to fail.”⁵³ In fact, the U.S. Marine Corps subsequently dropped its official operational need date for the fighter aircraft, resignedly stating “It will be when it will be.”⁵⁴ The Senate has also continuously added unrequested money to the budget for a second engine source, which the DoD says is not needed.⁵⁵

Culturally, senior leaders may be failing to embed desired behaviors in the acquisition workforce largely through how they react to organizational crises and critical incidents. With acquisition personnel feeling little personal risk and hearing mixed messages, the unintentional consequence may be that status quo is not changed. It is entirely possible that this latest round of acquisition reform is already at risk due to failure to establish enough urgency to overcome a culture of complacency.

Guiding Coalition or Top-down Direction? The next step in the Kotter process is to create the guiding coalition. Here, the effort appears to be on solid footing. The President, the Secretary of Defense along with his Undersecretary for Acquisition, Technology, and Logistics, and two of the more powerful committees of Congress would appear to comprise a dream team of sorts. Pulling in the same direction, they certainly should be able get things done. But does that include enough of the procurement enterprise to complete the transformation called for in acquisition reform?

Transformation cannot be accomplished by a single person. Due to the vastness of DoD's procurement enterprise, the five ad-hoc coalition for change identified above is also arguably insufficient. Kotter argued that the pace of today's business environment, in addition to DoD's size, requires a powerful and empowered coalition in place that can decide, act, and lead as a team.⁵⁶ Such an entity does not appear to exist for acquisition reform.

An examination of the executive branch's organizational charts reveals many offices within the White House and DoD that play important roles in acquisition reform. The challenge is identifying an empowered and representative team to act as the guiding coalition. From directive memos issued by USD/AT&L's office, it would appear that the guidance and decision making is primarily within OSD and disseminated as top-down directives. This approach risks disempowering many influential "key" players at the Service-level. Perceived as part of the problem instead of part of the solution, these powerful leaders are a missing ingredient from Kotter's change coalition that would behave like a team. The ability to form an effective guiding coalition may indeed be inherently limited by the sheer size of the enterprise, but without the coalition the likelihood of transformational success is greatly reduced.

Culturally, the current approach appears to miss a huge opportunity to embed desired behavior. Establishing a guiding coalition gives leaders an opportunity to demonstrate preferences simply by whom they select and how their performance is evaluated. Placement, rewards, status, punishments, and if need be removal, of a cadre of leaders could go a long way to embedding desired behavior. Making more

formal use of a guiding coalition could also offer opportunities to exercise role modeling and coaching as a tool for transformation.

Vision or Decree? The next step in Kotter's change process is developing a vision and a strategy. Here acquisition reform encounters difficulty again as it is lacking a unifying, effective vision. Each grouping of change agents identified above is motivated by slightly different interests. The nexus of agreement seems to be the need to execute weapons procurement more efficiently, but beyond that, what is the vision to motivate change?

According to Kotter, a good vision should convey a picture of what the future will look like, appeals to the long-term interests of stakeholders, and comprises realistic, attainable goals. The Office of Defense Procurement and Acquisition Policy website offers the following vision statement: "Acquisition excellence through leadership with integrity."⁵⁷ This says nothing about reform at all, and leaves it up to the reader to interpret what is meant by "excellence." An unofficial vision statement of sorts has recently appeared in USD/AT&L's June 2010 Memorandum on DoD Efficiencies Initiative: "Doing more without more."⁵⁸ Whether this will inspire the workforce though, remains to be seen. One might wonder also what to make of the marketing for the Efficiencies Initiative which is claimed to be "different" than acquisition reform. It is unclear what effect was intended by intentionally abandoning the term "acquisition reform" midstream, except perhaps to disassociate it with previous failures. One unintended consequence of all three statements, though, could be confusion among the people required to follow the clouded vision.

Culturally, a clear and compelling vision statement could be used to identify what leadership will pay attention to during the transformation. A few well-thought sentences could expand on the existing goals, to include a general strategy for getting there: a strategy that could be followed up with metrics to track progress.

With no clear vision statement, effective communication of any vision becomes impossible. As previously discussed, senior leadership rarely passes an opportunity to talk up the need for change.⁵⁹ The distinction to be made here is that lacking a clear vision for the path forward, exhortations for change can fall on deaf ears. They become background noise that might be simply ignored by the more complacent members of the organization.

Empowered Change or Structural Barriers? To empower employees for broad-based action, step 5 in Kotter's change process, leaders should seek to eliminate barriers to action. Lack of needed skills or training is one potential barrier.⁶⁰ The current reform effort recognizes the importance of and need to build up the skills of the acquisition workforce to support its reforms.⁶¹ According to the Office of Federal Procurement Policy (OFPP), "the capability and capacity of the federal acquisition workforce has not kept pace with the increase in spending, the number of actions, or the complexity of federal purchases."⁶² In October of 2009, the OFPP established an Acquisition Workforce Development Strategic Plan as required by the National Defense Authorization Act for FY 2009, and the Presidential Memorandum on Government Contracting.⁶³ In addition to growing the size and managing the skill mix of the workforce, the plan seeks to increase training and development initiatives, as well as implement a comprehensive 5-year action plan to guide overall growth and

development of the civilian agency acquisition workforce.⁶⁴ Training, however, is not the only potential barrier to change.

Kotter revealed the impact on change efforts, like acquisition reform, that formal structures and personnel systems can have.⁶⁵ Stated simply, the way an organization is structured, its rules of behavior or formal processes, and the incentives inherent in a reward system can thwart employees' intended support of any change effort. In the case of acquisition reform, there are powerful internal and external stakeholder groups that are not required or incentivized to assist the change effort. The requirements and budget communities, for example, have considerable influence on the execution of a major weapons system acquisition program with special interests that may not include on-time and on-budget delivery. The defense industry itself may also not be inclined to change rules that might affect their profitability. Similarly, prescriptive rules governing program execution can also unintentionally establish their own barriers to change. The 2009 WSARA legislation alone established, in law, detailed rules of program execution in areas such as milestone certification, systems engineering, and competition.⁶⁶ Adherence to these new rules is mandatory, and expensive bureaucracy must exist to ensure its compliance.

There is also the perennially troubling aspect of performance incentives. Rank and file federal employee performance, both military and civilian, in the acquisition community proper as well as interested stakeholders, is not being evaluated on the basis of acquisition reform goals. Individual performance in support of a unit's mission typically dominates an employee's evaluation, and to some degree will reflect the desired outcomes of acquisition reform. Without the flexibility and will to establish

acquisition reform goals as specific evaluation criteria however, the overall effort risks sub-optimized performance or even frustration at the employee level, or as Kotter put it, barriers to empowerment.

A Path to Viable Acquisition Reform

Sixty years of acquisition reform has yielded a procurement system that requires more reform.⁶⁷ In 2009, President Obama took office and joined forces with the incumbent Secretary of Defense and an interested and motivated Congress to give it another try. Together, they formed a powerful leadership team of sorts that has worked symbiotically to make the case for, and then alter laws and establish new policies which govern major weapons systems procurement. Cuts in defense spending are already being proposed in recognition of the current crisis and anticipation of successful reform, but will that and the efforts identified be enough to spur lasting change?⁶⁸ Recognizing that the scope and level of effort called for by acquisition reform is nothing short of transformational, Kotter's eight-stage process for change and Schein's concepts of organizational culture were used to analyze this latest effort's likelihood of success.

Based on this analysis, despite having an historic moment of agreement among powerful executive and legislative branch leaders and urgency driven primarily by US economic crisis, the prospects for true reform are gloomy. Efforts to establish a compelling argument for change among the workforce are undercut by mixed messages such as "whatever it takes." It also does not appear as though an effective guiding coalition or unifying vision exists that can motivate change and embed culture. Also, important barriers to empowerment remain in place. The fundamental question of how the DoD spends its money and what are the appropriate metrics to base objective evaluation on also appear to be missing.

*“Culture isn’t just one aspect of the game – it is the game.”*⁶⁹ Former Chief Executive Officer of IBM, Lou Gerstner, had it right when he recognized that no enterprise would succeed unless its elements of success are embedded in its DNA. To overcome inefficiency totaling \$296 billion, the ad hoc leadership team needs to go beyond peripheral recognition of the importance of culture change as a component of transformation and instead embrace it as the centerpiece of true reform. Using Schein’s cultural embedding mechanisms, I suggest the following.

DoD should clarify, simplify, and standardize the metrics by which it measures success, then pay attention to those metrics and hold people accountable for them. I recommend outcome-based measures that focus exclusively on schedule and cost. This focus could form the basis for a simple, compelling, and unifying vision. I offer: *DoD Procurement -- On Time, On Budget*. Performance measures retain importance, to be sure, but are secondary to schedule and cost. They form the trade space that accommodates fact-of-life adjustments in order to preserve on time and on budget outcomes.

DoD should also formally identify their guiding coalition, recognizing that weapon system program outcomes are influenced by stakeholders outside the professional acquisition corps. That coalition should be empowered and used as an embedding mechanism of cultural change: deliberate role modeling, teaching, and coaching; allocation of rewards and status; and recruitment, selection, and promotion.⁷⁰ Flag officers and civilian-equivalents involved in the acquisition process, to include department and service-level headquarters, warfighter resource representatives, and support agencies, should be included. Recognizing this has the potential to be a large

group, a tiered management approach could be used to retain some efficiency while taking advantage of the breadth and depth of the coalition's reach. Importantly, using the measures of merit identified above, *all* members of this group should in some way be accountable for the outcomes of the programs in which they have a stake. This action is crucial in pursuit of what Schein calls "cognitive restructuring."⁷¹ Through broad enforcement of the new standards, this advocacy group will be motivated to set the example that their people can imitate.

Conclusion

This paper opened with the question, "But, will it all work?" Through an analysis that applied Kotter's model of organizational change and Schein's approach to organizational culture and leadership, the conclusion suggests not. Behavioral change is needed to effect any transformation. Acquisition reforms can be coerced, but will not endure as true transformation unless cultural change occurs. Success requires commitment to change over simple compliance to superficial rewards and consequences. Overcoming 60 years of frustration will not be easy, but perhaps the solution lies in an observation made in the 1986 Packard Report back. It is time to undertake a long-term culturally-focused effort to transform DoD's weapon systems acquisition process.

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